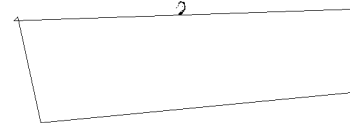




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National Intelligence Daily (Cable)

11 May 1982

State Dept. review completed

DIA review
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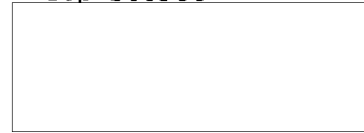
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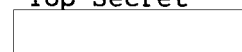
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ISRAEL-LEBANON-SYRIA: Cease-Fire Holding

There were no new military actions in Lebanon yesterday, following the exchange of fire on Sunday between the Israelis and the Palestinians. [redacted]

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[redacted]

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Israeli Defense Minister Sharon visited the settlements in northern Israel yesterday but gave no indication as to what Israel's response might be to the shelling of the area by Palestinians on Sunday. There were no announcements following the emergency meeting yesterday of the Israeli cabinet to discuss the military situation.

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[redacted]
the pace of military activity in northern Israel increased somewhat yesterday. Two batteries of self-propelled artillery arrived at Rosh Hanigra. Additional artillery, truckloads of ammunition, and combat support equipment were seen heading north through Qiryat Shemona in northern Galilee.// [redacted]

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Comment: //Arafat will have difficulty maintaining the cease-fire. Radicals in the PLO have for some time been unhappy with Arafat's agreement to suspend hostilities [redacted]

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[redacted] Israel appears to have adopted a wait-and-see attitude on a future course of action.// [redacted]

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LIBYA: Deteriorating Economic Conditions

The soft world oil market and Tripoli's slow response to declining revenues from its overpriced oil are causing serious problems for the economy. [redacted]

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//Oil production has averaged only 750,000 barrels per day since the start of 1982, down 50 percent from a year ago. The accompanying revenue shortfall has forced Tripoli to dig deep into its financial reserves, which fell to \$7.8 billion during March. The government continues to accumulate a growing burden of unpaid debts.

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[redacted]

Reduced oil revenues alone will not be a significant brake on Qadhafi's support for terrorism and foreign military adventures.// [redacted]

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IRAN - ARAB STATES: Warning on Relations

The Iranian Foreign Ministry warned the Arab states of the Persian Gulf yesterday that their future would be determined by their relations with Iran. Tehran added that if these countries join with Iran in the fight against "imperialists," they can count on the support of the Islamic revolution. [redacted]

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Comment: The warning, coming on the heels of the latest Iranian military successes against Iraq, is the most explicit statement Tehran has made about its future attitude toward the Arab states. By implication, those states that continue to oppose Iran and facilitate a US presence in the Persian Gulf will be faced with increased Iranian efforts to undermine them. The statement will feed the fears of the Gulf Arabs, who already are deeply anxious about the behavior of a resurgent Iran. [redacted]

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ALGERIA: New Foreign Minister

President Bendjedid has named Ahmed Taleb Ibrahimi as Foreign Minister to replace Mohamad Ben Yahia, who was killed in an airplane crash last week while en route to Tehran to discuss possible Algerian mediation of the war between Iran and Iraq. Ibrahimi is an adopted son of an important religious leader and a moderate socialist who will reflect Bendjedid's basically pragmatic foreign policy. [redacted]

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Comment: Bendjedid's appointment of a new foreign minister before the party Central Committee meeting in early June underscores the President's free hand in managing foreign policy and his ability to ease out more radical elements. Ibrahimi's Islamic credentials should be helpful in dealing with Iran in any further Algerian efforts to move the conflict toward resolution. [redacted]

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SPECIAL ANALYSIS

BRAZIL-US: President Figueiredo's Visit

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//Washington's decision to side with the British in the Falkland Islands dispute has complicated President Figueiredo's visit to the US--the first by a Brazilian head of state in more than a decade. Brazilian officials, in line with their forceful public criticism of the US position, probably will be much more assertive in their discussions in Washington than originally planned. Brasilia is concerned about its general image in Latin America, and it particularly does not want to jeopardize its rapprochement with Buenos Aires.//

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//The initial decision to accept the invitation--after fending off earlier US overtures--reflected Figueiredo's generally friendly attitude toward the new US administration and a perception that a serious effort was being made to improve relations after a period of major policy differences.//

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//Figueiredo also believes that his foreign trips in the past three years have contributed directly to Brazil's improved stature. Until the Falkland crisis, he saw little political risk in making a visit to the US. The President believed that, at a minimum, direct, high-level exchanges would ameliorate pending bilateral issues and enhance Brazil's international standing.//

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Brazilian Reluctance

//Even before the crisis, Brasilia was leery of potential US requests to become more involved in Central America and to identify more openly with the US in East-West disputes. The Brazilians have carefully avoided such positions, and they have no intention of changing.//

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[redacted]

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//There also was concern that on nuclear safeguards, trade protectionism, and other bilateral issues the discussions might become contentious. Consequently, Brasilia hoped Washington would be satisfied with a review of broader regional and international problems while merely noting those issues in dispute.// [redacted]

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//Although Figueiredo has made the decision to proceed with the visit, he might decide to cancel at the last minute or even leave once here if hostilities intensify in the Falklands. He almost certainly would do so if the British attacked the Argentine mainland.// [redacted]

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Criticism and Impatience

//The Brazilian delegation probably will take the line that recent US actions related to the current crisis are likely to cause a general undermining of US - Latin American relations. The Brazilians will point out that this provides the Soviets with opportunities for mischief-making and increases the risk of domestic chaos in Argentina.// [redacted]

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//Figueiredo also will note that the US actions will force Brasilia to align itself even more closely with Buenos Aires and to become openly critical of the British and the US. The Brazilians probably will insist that any joint communique reflect their intense preoccupation with these developments.// [redacted]

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//In addition, Figueiredo and others are likely to show growing impatience with the lack of progress on multilateral issues, including Global Negotiations. They will question US attitudes toward international lending institutions in general and toward the "graduation" concept in particular. Figueiredo also is likely to resist making any stronger commitment on nuclear safeguards and will adhere to Brasilia's long-held position of refusing to consider a multilateral arrangement for South Atlantic security.// [redacted]

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//The Brazilians will give only faint praise to the Caribbean Basin Initiative. They believe that its emphasis on the private sector is misplaced and will not resolve underdevelopment in the Caribbean.// [redacted]

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//Brasilia is more concerned about the Initiative's adverse effect on Brazilian sugar exports. The Brazilians are upset by recently announced US sugar import quotas, and they will object to them during the visit.// [redacted]

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//Overall, however, Figueiredo and his entourage will express general satisfaction with the bilateral relationship, especially as it has evolved in the past year and a half. They will claim that the relationship is a mature one involving agreement on many points but strong enough to permit divergence on others.// [redacted]

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